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SANTA BARBARA • SANTA CRUZ

OFFICE OF THE SENIOR VICE PRESIDENT—
BUSINESS AND FINANCE

OFFICE OF THE PRESIDENT
300 Lakeside Drive
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LOS ALAMOS HEALTH CARE PLAN MEMBERS

About one year ago, the University of California, acting in partnership with the Los Alamos National Laboratory, began to solicit input from employees, retirees, service providers and the community about the future of Laboratory health care options. The response was overwhelming. As you know, we jointly determined to request proposals from prospective health care vendors for both a Health Maintenance Organization (HMO) and a Point-of-Service (POS) option. In January of this year, we began the formal process to select a health-care vendor which would provide services in beginning in calendar year 1998 to members of the Los Alamos Total Care health plan. The process of selecting the vendor has been completed and Blue Cross/Blue Shield - New Mexico (BCBS-NM) has been chosen as the new health care vendor for both the HMO and POS plans.

LANL employees and annuitants will be offered a choice between a POS plan or an HMO beginning January 1, 1998. Both the POS and HMO plans will be fully-insured, with second and third year caps on premium increases. Out-of-area employees and annuitants will have various options depending upon the specific location of their residence.

Office of the President staff will finalize the 1998 annual employer contribution level and the resulting member contributions for the POS or HMO plans by the end of September 1997. The rates offered by BCBS-NM are based on their existing contractual arrangements with providers, including those in Los Alamos. Any material changes in those reimbursement agreements, either up or down, will increase or decrease the 1998 premiums for the POS and HMO plans. The benefits design for both plans was described in the RFP. Office of the President staff also will finalize the administrative details of the plans during the implementation phase which continues through the end of the year.

Open enrollment will occur during the month of November, 1997 and summary plan information will be available in October, 1997.

The attached overview will give you more detailed information about the bid process and the various steps, along with an outline of the multiple points of community input considered during that process.

We believe the choices offered to be prudent and in the interests of Laboratory employees, retirees and their families within the scope of what the New Mexico marketplace is able to provide. The Los Alamos community is a special place and the University of California and the Laboratory believe that continued access to quality health care for LANL employees and annuitants must remain a very high priority.

On behalf of the University and the Laboratory, we thank you for your valued input, your patience and your understanding in this matter. Laboratory Management and Office of the President staff will continue to provide you additional information as we approach the November open enrollment period.


James F. Sullivan
Interim Assistant Vice President


James Jackson
Deputy Director